



## **Briefing on the childcare element of Universal Credit**

In the Spring Statement 2023, the Chancellor made a welcome commitment to change how Universal Credit claimants could claim financial support for childcare.

Historically, claims for the 'childcare element' of Universal Credit were made in arrears, posing an impossible hurdle for many parents seeking work, particularly single parents, who could not find the money to pay the fees upfront, before claiming it back or who were going into debt to do so.

Gingerbread, Citizens Advice and a range of other organisations and campaigners have long been calling for the childcare element to be paid upfront and were delighted to hear the Chancellor announce a change to this effect in the Spring Statement.

However, the way that this change has been made is problematic. The Government have set out that the Flexible Support Fund (FSF) should be used to help jobseekers cover their first month of childcare, before future months are claimed through Universal Credit.

The FSF is a discretionary fund available to work coaches to use with those they are supporting to pay for things that will help a jobseeker secure work. When it comes to using the FSF for the first month of childcare, DWP have said that this *should* be offered by work coaches.<sup>1</sup> However, our organisations are hearing of instances where this is not happening as a matter of course. This seems to be down to a combination of a lack of awareness or understanding of the support on offer or confusion over the role of the FSF itself. ***The Government either need to make it very clear that the FSF is always available to pay for the upfront costs and work with work coaches to ensure it is being offered as standard or find a new mechanism for paying the upfront costs.***

### **Awareness**

Both charities are seeing issues with claimants and advisers not being aware of the support available:

Lucy has been struggling with her finances. Jobcentre Plus had not offered any help with the upfront costs of childcare from the FSF and she was unaware of what to ask for. This has left her without enough money to pay for gas, electric and food for the next 2 weeks due to having to pay her childcare provider and waiting for the childcare element of UC to be paid to her in arrears.

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<sup>1</sup> Department for Work and Pensions (2023) Universal Credit childcare costs. Available at: [www.gov.uk/guidance/universal-credit-childcare-costs#get-help-with-the-upfront-cost-of-childcare](https://www.gov.uk/guidance/universal-credit-childcare-costs#get-help-with-the-upfront-cost-of-childcare)

Lisa is a single parent with two young children. She's on Universal Credit and would like to start working, but can't afford the upfront costs of childcare. Lisa talked to her work coach about her situation, but they didn't tell her about the help she could get through the FSF. As a result, Lisa hasn't been able to afford to start work. She's struggling to pay her essential bills and is relying on charitable support to assist her.

### **Understanding**

Guidance from the DWP is clear that help with upfront costs can be offered to parents looking to extend their hours.<sup>2</sup> However, there are cases where parents are being turned down for support:

Ellie has two children aged 3 and 5 and has been offered a new job with more hours and pay than the previous one. However, the jobcentre has said they can't help with upfront childcare costs and won't offer help until the end of the first assessment period, which may mean she can't afford to take on the new role.

### **New parents returning to work**

It is unclear whether the FSF guidance has been updated to reflect recent changes, but many work coaches appear to be applying the policy as previously set out which states that the "FSF must also not be awarded if....it helps claimants who have a job or employment contract but are returning to work after a career break or maternity leave."<sup>3</sup>

Shelly is currently on maternity leave and is due to go back to work in the next few months. However, she can't afford the upfront childcare costs of £1700. Sheila is on Universal Credit, but when she talked to her work coach about her situation, they told her she is not eligible for the FSF because she's already classed as 'working'. As a result, Shelly feels like she is being forced out of work. She can't afford the upfront costs of childcare, but she's also at risk of being sanctioned if she doesn't go back to work.

### **Parents making changes to childcare arrangements**

DWP guidance is silent on the issue of parents already in work having to turn to paid for childcare for the first time and we are seeing cases of parents being refused help.

Mandy is a single parent who works part-time. Her mother who usually helps with childcare is now too ill to look after her child. Mandy now needs to find the money to pay for nursery fees. However, when she applied to the FSF for help with the upfront costs, her application was rejected. Her work coach told her that she cannot access the fund because she is already in work.

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<sup>2</sup> Department for Work and Pensions (2023) Universal Credit childcare costs. Available at: [www.gov.uk/guidance/universal-credit-childcare-costs#get-help-with-the-upfront-cost-of-childcare](https://www.gov.uk/guidance/universal-credit-childcare-costs#get-help-with-the-upfront-cost-of-childcare)

<sup>3</sup> Universal Credit Guidance. Deposited in House of Commons, committed on 20 April 2023. Flexible Support Fund v22. Available at: <https://depositedpapers.parliament.uk/depositedpaper/2285265/files?page=4>